

Message Text

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12

ORIGIN OPIC-06

INFO OCT-01 AF-10 ISO-00 EB-07 COME-00 TRSE-00 PA-02 PRS-01

USIA-15 XMB-04 /046 R

DRAFTED BY OPIC:DGREGG:SM X28582

APPROVED BY AF:JJBLAKE

AF/E:WBCOOTE

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R 260032Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY BAMAKO

AMEMBASSY ADDIS ABABA

AMEMBASSY OUAGADOUGOU

AMEMBASSY YAOUNDE

AMEMBASSY MONROVIA

AMEMBASSY LIBREVILLE

AMEMBASSY ABIDJAN

AMEMBASSY NAIROBI

AMEMBASSY LOME

AMEMBASSY LUSAKA

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E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC PAYS DOLS. 6.4 MILLION TO PRUDENTIAL

INSURANCE CO. FOR TAW LOAN

1. FYI, THE FOLLOWING NEWS RELEASE WAS ISSUED BY OPIC ON
NOV. 22:

2. "PAYMENT OF DOLS. 6,398,000 TO THE PRUDENTIAL INSUR-
ANCE COMPANY OF AMERICA UNDER ITS LOAN GUARANTY CLAIM
WAS ANNOUNCED TODAY BY MARSHALL T. MAYS, PRESIDENT OF THE
OVERSEAS PRIVATE INVESTMENT CORPORATION.

3. "THE REPAYMENT GUARANTY COVERED PRUDENTIAL'S 15-YEAR
LOAN TO TAW INTERNATIONAL LEASING CORPORATION, A COMPANY
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FORMED IN 1969 TO ENGAGE IN LEASING OF CAPITAL EQUIPMENT IN

THE DEVELOPING NATIONS OF AFRICA. THE COMPANY WROTE ITS FIRST LEASE IN THE IVORY COAST IN MAY OF 1970, AND SUBSEQUENTLY ESTABLISHED OFFICES IN NINE OTHER AFRICAN NATIONS.

4. "THE PAYMENT WAS MADE OUT OF OPIC'S LOAN GUARANTY RESERVE WHICH NOW STANDS AT APPROXIMATELY DOLS. 74 MILLION. OPIC INCREASED ITS GUARANTY RESERVE BY DOLS. 5 MILLION IN JUNE 1974 TO PROVIDE FOR THIS ANTICIPATED LOSS.

5. "PRUDENTIAL PRESENTED THE CLAIM TO OPIC LATE LAST MONTH AFTER IT ACCELERATED THE REPAYMENT OF ITS LOAN TO TAW. THE ACCELERATION WAS BASED ON DEFAULTS IN PERFORMANCE BY TAW INCLUDING THE FAILURE TO MEET A RECENT PAYMENT TO PRUDENTIAL.

6. "UNLIKE THE OPIC POLITICAL RISK INSURANCE WHICH PROVIDES COMPENSATION ONLY IN CASES OF INCONVERTIBILITY, EXPROPRIATION OR WAR, REVOLUTION OR INSURRECTION, THE OPIC REPAYMENT GUARANTY IS A GUARANTY OF REPAYMENT REGARDLESS OF THE CAUSE OF DEFAULT."

7. SEPTTEL FOLLOWS FROM OPIC RE STATUS OF TAW. INGERSOLL

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